

Income taxation as a tool of income redistribution

Sabitova N., Dyudina M.

Kazan Federal University, 420008, Kremlevskaya 18, Kazan, Russia

Abstract

© 2015, Mediterranean Center of Social and Educational Research. All rights reserved. Many countries use income taxation as one of the essential tools of income redistribution. This paper covers positive and negative effect of the proportional scale of individual taxation introduced by the Russian Federation. The observation suggests that the flat rate increases the social inequality, which, in turn, reflects adversely on the economic growth of the country. The document describes the contribution of the income tax to the budget revenues of the developed countries and provides the data of foreign practice to apply income tax rates. The authors demonstrate the need for the progressive taxation and establishment of a tax-free allowance.

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Keywords

Flat tax rate schedule, Individual income tax, Minimum subsistence level, Minimum wage, Personal income tax, Progressive taxation, Taxfree allowance